

WATER/ABJ/DON:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Branch**

**RESOLUTION W-4373
February 27, 2003**

RESOLUTION

**(RES. W-4373), TORO WATER SERVICE (TORO). ORDER
GRANTING A RATE INCREASE TO COMPENSATE FOR
RECEIVERSHIP COSTS IN THE AMOUNT OF \$45,355 OR
26.5%.**

SUMMARY

By Advice Letter No. 50, received September 23, 2002, Toro requests a rate increase to compensate for \$74,000 in receivership costs for Toro. This resolution rejects the request of Advice Letter 50 and authorizes a rate increase in the lesser amount of \$45,355 to compensate for receivership costs.

BACKGROUND

By an Order received on July 1, 2002, the United States District Court (District Court) for the Northern District of California, San Jose Division appointed John Richardson as Equitable Receiver for Toro. On August 8, 2002, in accordance with Res. W-4346, the Commission recognized John Richardson as Receiver for Toro. The Receiver's primary assignment was to prepare the system for sale to a new owner. The Receiver decided to keep Toro's present staff operating the system. This advice letter requests costs to prepare the systems for sale as required by the District Court order appointing the Receiver.

DISCUSSION

Advice Letter No. 50 requests a rate increase to compensate for \$74,000 in receivership costs for Toro. Since Toro's present staff continues to operate the system, it is proper for the Receiver to seek and be authorized his costs to prepare the system for sale as required by the District Court action appointing the Receiver. Water Division staff, the

Receiver, and the Receiver's consultant met in November 2002 to discuss and review the needs of the Receiver for funds in light of the numerous protests received from customers. Instead of a cost of \$74,000 requiring a surcharge of \$15.50 per customer per month for 12 months, which was requested in the advice letter, it was tentatively agreed upon that a cost of \$45,355 requiring a surcharge of \$9.50 per customer per month for 12 months would be more appropriate. Water Division staff's further review of workpapers submitted by Toro verified this amount. Therefore, this resolution rejects the request of Advice Letter No. 50 and grants an increase in revenue of \$43,355 via a surcharge of \$9.50 per customer per month for 12 months.

NOTICE TO CUSTOMERS

Notice of the proposed rate increase was mailed to the individual customers on October 15, 2002. The Water Division has received 62 letters objecting to the size of the rate increase. None of those letters raised substantive issues and the Water Division concludes that the lesser increase recommended in this resolution is justified.

FINDINGS

1. The United States District Court of the Northern District of California, San Jose Division appointed John Richardson as Equitable Receiver for Toro.
2. The workpapers reflecting utility operating costs do not support the rate increase request of \$74,000.
3. The Commission finds, after investigation by the Water Division, that a rate increase of \$45,355 is justified.
4. It is just and reasonable to establish rates to recover costs of \$45,355 over a 12-month period.

THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 for Toro Water Service to file an advice letter incorporating the revised schedule attached to this resolution as Appendix A, and concurrently cancels its presently effective rate Schedule No. 1, General Metered Service. Its filing shall comply with General Order 96-A. The

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effective date of the revised schedule shall be five days after the date of its filing.

2. Advice Letter No. 50 is rejected.
3. Toro Water Service is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
4. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on February 27, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President

CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners

APPENDIX A

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The area known as Corral De Tierra Canyon, and vicinity, located on the south side of State Highway 68, approximately 8 miles west of Salinas, Monterey County.

RATE

Quantity Rate:

For all water delivered, per 100 cu.ft. \$2.193

Per Meter
Per Month

Service Charge:

For 5/8 x 3/4-inch meter	\$ 6.86
For 3/4-inch meter	7.69
For 1-inch meter	10.52
For 1-1/2-inch meter	14.07
For 2-inch meter	18.93
For 3-inch meter	34.30
For 4-inch meter	47.27

The Service Charge is a readiness-to-serve charge to which is applicable to all metered service and to which is to be added the charge, for water used computed at the Quantity Rates.

SPECIAL CONDITIONS

1. A late charge will be imposed per Schedule No. LC.
2. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the company, service to subsequent tenants in that unit will, at the company's option, be furnished on the account of the landlord or property owner.
3. Due to the undercollection in the Balancing Account, a surcharge of \$0.14 per Ccf is to be added to the standard quantity rate for 12 months from August 13, 2002, the effective date of Advice Letter No. 49. (T)
4. Due to the Emergency Receivership costs, all bills are subject to the surcharge of \$9.50 per customer per month for 12 months from the effective date of Advice Letter No. 51. (N)
5. All bills are subject to the reimbursement fee set forth in Schedule No. UF. (N)